

Remarks at the White House Conference on Minority Homeownership October 15, 2002

Well, thanks for the warm welcome. Thank you for being here today. I appreciate your attendance to this very important conference. You see, we want everybody in America to own their own home. That's what we want. This is—an ownership society is a compassionate society.

More and more people own their homes in America today. Two-thirds of all Americans own their homes. Yet, we have a problem here in America because fewer than half of the Hispanics and half the African Americans own the home. That's a homeownership gap. It's a gap that we've got to work together to close for the good of our country, for the sake of a more hopeful future. We've got to work to knock down the barriers that have created a homeownership gap.

I set an ambitious goal. It's one that I believe we can achieve. It's a clear goal, that by the end of this decade, we'll increase the number of minority homeowners by at least 5½ million families. Some may think that's a stretch. I don't think it is. I think it is realistic. I know we're going to have to work together to achieve it. But when we do, our communities will be stronger, and so will our economy.

Achieving the goal is going to require some good policies out of Washington. And it's going to require a strong commitment from those of you involved in the housing industry. Just by showing up at the conference, you show your commitment. And together—together we will work over the next decade to enable millions of our fellow Americans to own a piece of their own property, and that's their home.

I appreciate so very much the homeowners who are with us today. The Arias family, newly arrived from Peru, they live in Baltimore. Thanks to the Association of Real Estate Brokers, the help of some good folks in Baltimore, they figured out how

to purchase their own home. Imagine, to be coming to our country without a home, with a simple dream, and now they're on stage here at this conference, being one of the new homeowners in the greatest land on the face of the Earth. I appreciate the Arias family coming.

We've got the Horton family from Little Rock, Arkansas, here today. Actually, it's not Little Rock; it's North Little Rock, Arkansas. I was corrected. *[Laughter]* I appreciate so very much these good folks coming all the way up from the South. They were helped by HUD. They were helped by Freddie Mac. Obviously, they've got a young family. And when we start talking about owning a home, a smile spread right across the face of the dad that could have lit up the entire town of Washington, DC. I appreciate you all coming. Thanks for coming. He had to make sure I knew that he was educated in Texas. *[Laughter]*

Finally, Kim Berry from New York is here. She's a single mom. You're not going to believe this, but her son is 18 years old. *[Laughter]* She barely looked like she was 18 to me. Being a single mom is the hardest job in America. And the idea of this fine American working hard to provide for her child, at the same time working hard to realize her dream, which is owning a home on Long Island, is really a special tribute to the character of this particular person and to the character of a lot of Americans. And so we're honored to have you here, Kim, and thanks for being such a good mom and a fine American.

I told Mel Martinez I was serious about this initiative. We started talking about it, and I said, "Well, you know, I'm the kind of fellow, I don't like to lay out a goal and don't mean it." I think it's not—I don't think it's fair for the American people to be—to have a President or anybody else, for that matter, lay out a goal and just

kind of say it but don't mean it. I mean it. And the good news is, Mel Martinez believes it and means it as well. He's doing a fine job of running HUD, and I'm glad he has joined my Cabinet. And I picked a pretty spunky Deputy as well, Alphonso Jackson, my fellow Texan. I call him A.J.

I appreciate the Secretary of Agriculture being here. She's got a lot of money having to do with rural housing. I appreciate Ann's commitment to rural America. And I'm really proud of the job she's doing as well for the American people, serving in my Cabinet. Thanks for coming, Ann.

I've got some others in my administration, as I look around. I see Rosario Marin, who's the Treasurer of the United States. Rosario used to be a mayor. Thank you for coming, Madam Mayor. She understands how important housing is. I see other mayors around here, and I want to thank the mayors for coming. After all, it's in your interest that this project succeed.

I know we've got some folks from the faith-based community here. Luis Cortes from Philadelphia is here, and my friend Kirbyjon Caldwell from Houston, Texas. Kirbyjon, I had breakfast with him this morning. He told me he was going to have to leave before my speech. He's a wise man, that Kirbyjon Caldwell. [*Laughter*] But he has gone back home to Texas.

I appreciate Margaret Spellings and her staff. Margaret is the Domestic Policy Adviser to the President, and I want to thank you for putting on this conference, Margaret.

All of us here in America should believe, and I think we do, that we should be, as I mentioned, a nation of owners. Owning something is freedom, as far as I'm concerned. It's part of a free society, and ownership of a home helps bring stability to neighborhoods. You own your home in a neighborhood, you have more interest in how your neighborhood feels, looks, whether it's safe or not. It brings pride to people. It's a part of an asset-based society. It helps people build up their own individual port-

folio, provides an opportunity, if need be, for a mom or a dad to leave something to their child. It's a part of—it's a part of being a—it's a part of—an important part of America.

Homeownership is also an important part of our economic vitality. If—when we meet this project, this goal, according to our Secretary of Housing and Urban Development, we will have added an additional \$256 billion to the economy by encouraging 5.5 million new homeowners in America. The activity—the economic activity stimulated with the additional purchasers, the additional buyers, the additional demand will be upwards of \$256 billion. And that's important because it will help people find work.

Low interest rates, low inflation are very important foundations for economic growth. The idea of encouraging new homeownership and the money that will be circulated as a result of people purchasing homes will mean people are more likely to find a job in America. This project not only is good for the soul of the country; it's good for the pocketbook of the country as well.

To open up the doors of homeownership, there are some barriers, and I want to talk about four that need to be overcome.

First, downpayments—a lot of folks can't make a downpayment. They may be qualified. They may desire to buy a home, but they don't have the money to make a downpayment. I think if you were to talk to a lot of families that are—desire to have a home, they would tell you that the downpayment is the hurdle that they can't cross. And one way to address that is to have the Federal Government participate.

And so we've called upon Congress to set up what's called the American Dream Downpayment Fund, which will provide financial grants to local governments to help first-time homebuyers who qualify to make the downpayment on their home. If a downpayment is a problem, there's a way we can address that. And when Congress funds the program, this should help

200,000 new families over the next 5 years become first-time homebuyers.

Secondly, affordable housing is a problem in many neighborhoods, particularly inner-city neighborhoods. You may—we may have qualified homebuyers, but if there's no home to buy, this initiative isn't going anywhere. And so one of the things that we're going to—that I'm doing is proposing a single-family affordable housing credit to encourage the construction of single-family homes in neighborhoods where affordable housing is scarce.

Over the next 5 years the initiative will provide homebuilders and therefore homebuyers with—homebuilders with \$2 billion in tax credits to bring affordable homes and therefore provide an additional supply for homebuyers. It's really important for us to understand that we can provide incentive for people to build homes where there's a lack of affordable housing. And we've got to set priorities, and one of the key priorities is going to be inner-city America. Good schools and affordable housing will help revitalize our inner cities.

Another obstacle to minority homeownership is the lack of information. You know, getting into your own home can be complicated. It can be a difficult process. I had that very same problem. *[Laughter]*

Every homebuyer has responsibilities and rights that need to be understood clearly. And yet when you look at some of the contracts, there's a lot of small print. And you can imagine somebody newly arrived from Peru looking at all that print and saying, "I'm not sure I can possibly understand that. Why do I want to buy a home?" There's an educational process that needs to go on, not only to explain the contract, explain obligation, but also to explain financing options, to help people understand the complexities of a homeownership market, and also at the same time to protect people from unscrupulous lenders, people who would take advantage of a good-hearted soul who is trying to realize their dream.

Homeownership education is critical. And so today I'm pleased to announce that through Mel's office, we're going to distribute \$35 million in 2003 to more than 100 national, State, and local organizations that promote homeownership through buyer education.

And of course, one of the larger obstacles to minority homeownership is financing, is the ability to have their dream financed. Right now we have a program that all of you all are familiar with—maybe our fellow Americans aren't—and that's what they call a Section 8 housing program, that provides billions of dollars in vouchers to help low-income Americans with their rent. It encourages leasing. We think it's important that we use those vouchers, that Federal money, to help low-income Americans go from being somebody who leases to somebody who owns; that we use the Section 8 program to not only help with downpayment but to help with continuing monthly mortgage payments after they're into their new home. It is a way to help us meet this dream of 5½ million additional families owning their home.

I'm also going to encourage the lending industry to develop a mortgage market so that this script, these vouchers, can regularly be used as a source of payment to provide more capital to lenders, who can then help more families move from rental housing into houses of their own.

These are some of the barriers that homeowners face—potential homeowners face, and this is what we intend to do about it. But like in a lot of our life, Government can't do everything. It's impossible to provide every aspect of a national strategy, particularly in this case. And that's why we need the help of private and nonprofit sectors in our country to help play a vital role in helping to meet the goal. Many of you here represent the nonprofit as well as the private sectors of our economy and our country, and I want to thank you for your commitment.

Last June, I issued a challenge to everyone involved in the housing industry to help increase the number of minority families to be homeowners. And what I'm talking about, I'm talking about your bankers and your brokers and developers as well as members of faith-based community and community programs. And the response to the homeowners challenge has been very strong and very gratifying.

Twenty-two public and private partners have signed up to help meet our national goal. Partners in the mortgage finance industry are encouraging homeownership by purchasing more loans made by banks to African Americans, Hispanics, and other minorities. Representatives of the real estate and homebuilding industries, through their nationwide networks or affiliates, are committed to broadening homeownership. They made the commitment to help meet the national goal we set.

Freddie Mae—Fannie Mae and Freddie Mac—I see the heads who are here; I want to thank you all for coming—[laughter]—have committed to provide more money for lenders. They've committed to help meet the shortage of capital available for minority homebuyers.

Fannie Mae recently announced a \$50 million program to develop 600 homes for the Cherokee Nation in Oklahoma. Franklin, I appreciate that commitment. They also announced \$12.7 million investment in the condominium project in Harlem. It's the beginnings of a series of initiatives to help meet the goal of 5½ million families. Franklin told me at the meeting where we kicked this off, he said, "I promise you, we will help," and he has, like many others in this room have done.

Freddie Mac recently began 25 initiatives around the country to dismantle barriers and create greater opportunities for homeownership. One of the programs is designed to help deserving families who have bad credit histories to qualify for homeownership loans. Freddie Mac is also working with the Department of Defense to

promote construction and financing for housing for men and women in the military.

There's all kinds of ways that we can work together to meet the goal. Corporate America has a responsibility to work to make America a compassionate place. Corporate America has responded. As an example—only one of many examples—the good folks at Sears and Roebuck have responded by making a 5-year, \$100 million commitment to making homeownership and home maintenance possible for millions of Americans.

There have been other steps that are being taken to close the homeownership gap. And you've heard some of the stories here today, people much more eloquent than me to talk about what's taking place on the frontline of meeting this national goal.

The nonprofit groups are bringing homeownership to some of our most troubled communities. And as you know, I'm a strong advocate of what I call the Faith-Based Initiative. And the reason I am is because I understand the universal call to love a neighbor like you'd like to be loved yourself, and that includes helping somebody find a home.

One such example is the Enterprise Foundation, a national nonprofit organization that provides assistance to grassroots homeownership organizations. Because of their work, as one example, 185 affordable homes will be available in a Baltimore neighborhood that was once so crime-ridden that people had written it off. Revitalizing neighborhoods is a real possibility if people put their mind to it. And at the same time, you're helping people own a home in America.

And the faith-based community is doing some fantastic work when it comes to encouraging homeownership, whether it be financial counseling or job training or other outreach services to help people understand what it takes to buy a home.

And then there's my friend Kirbyjon Caldwell. He not only provides counseling and job training; he actually decided to encourage a development of homes in the Houston area. People—low-income people are going to be able to more afford a home in Texas because of Kirbyjon's vision and work. He's answered the call of faith to help people help themselves and to help them realize dreams.

The other thing Kirbyjon told me, which I really appreciate, is you don't have to have a lousy home for first-time homebuyers. If you put your mind to it, the first-time homebuyer, the low-income homebuyer can have just as nice a house as anybody else. And I know Kirbyjon. He is what I call a social entrepreneur who is using his platform as a Methodist preacher to improve the neighborhood and the community in which he lives.

And so is Luis Cortes, who represents Nueva Esperanza in Philadelphia. I went to see Luis one time in the inner-city Philadelphia. Luis is—at least he was; he's probably still there—in what one would call a tough neighborhood. There's a lot of abandoned buildings, and I mean beautiful old structures just empty. Luis had a dream to revitalize his neighborhood, starting with a good charter school, one that would work, one that would teach kids how to read and write and add and subtract. But he also understood that a homeownership program is incredibly important to revitalize this neighborhood that a lot of folks had already quit on. I suspect one day we'll all go back to Luis' neighborhood, and we'll find first-time homeowners there and a good education system. And this will be the beginning of a neighborhood revitalization in that

part of Philadelphia, because there was vision and drive and hope for our fellow citizens.

So I want to thank you all for coming. I want to thank you for your determination to help close the minority homeownership gap. It's an incredibly important initiative for this country. See, America is a good and generous country. It's a great place. Part of it is to make sure that the dream, the American Dream, the ability to come from anywhere in our society and say, "I own this home," is a reality—can be achievable for anybody, regardless of their status, regardless of their—of whether or not they think the dream is meant for them. I mean, we can put light where there's darkness and hope where there's despondency in this country, and part of it is working together as a nation to encourage folks to own their own home.

Again, I want to tell you, this is an initiative—as Mel will tell you—it's an initiative that we take very seriously. We're going to stay on it until we're—until we achieve the goal. And as we all achieve the goal, we can look back and say, "America is a better place for our hard work, our efforts, and our desires for our fellow Americans to realize the greatness of our country."

Thank you for coming. May God bless your vision. May God bless America.

NOTE: The President spoke at 1:55 p.m. in the Jack Morton Auditorium in the Media and Public Affairs Building at George Washington University. In his remarks, he referred to Franklin D. Raines, chairman and chief executive officer, Fannie Mae. The Office of the Press Secretary also released a Spanish language transcript of these remarks.